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Sectoral policy questions

Report of the Second Committee

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I. Introduction

1. At its 19th plenary meeting, on 20 September 2002, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-seventh session the item entitled:

"Sectoral policy questions:

"(a) Industrial development cooperation;

"(b) Business and development;

"(c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin"

and to allocate it to the Second Committee.

2. The Second Committee considered sub-items (a) and (c) at its 10th, 13th, 38th and 39th meetings, on 14 and 18 October and 20 and 27 November 2002, and sub-item (b) at its 35th and 39th meetings, on 14 and 27 November 2002. An account of the Committee's discussion is contained in the relevant summary records (A/C.2/57/SR.10, 13, 35, 38 and 39). Attention is also drawn to the general debate held by the Committee at its 2nd to 8th meetings, from 30 September to 3 October (see A/C.2/57/SR.2-8).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Industrial development cooperation

Note by the Secretary-General transmitting the report of the Director-General of the United Nations Industrial Development Organization on industrial development cooperation (A/57/184)

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(b) Business and development

Report of the Secretary-General on the continuing implementation of General Assembly resolution 54/204, on business and development (A/57/591)

(c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin

Report of the Secretary-General on prevention of corrupt practices and transfer of funds of illicit origin (A/57/158 and Add.1 and 2)

4. At the 10th meeting, on 14 October, introductory statements were made by the Assistant Director-General for United Nations Affairs of the United Nations Industrial Development Office at New York, under sub-item (a), and the Programme Management Officer of the United Nations Office on Drugs and Crime in New York, under sub-item (c) (see A/C.2/57/SR.10). At the 35th meeting, on 14 November, an introductory statement was made by the Deputy Director of the Division for Public Administration, Department for Economic and Social Affairs, under sub-item (b) (see A/C.2/57/SR.35).

II. Consideration of proposals

A. Draft resolutions A/C.2/57/L.8 and A/C.2/57/L.51

5. At the 13th meeting, on 18 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/57/L.8), which read:

"*The General Assembly*,

"*Recalling* its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996, 53/177 of 15 December 1998 and 55/187 of 20 December 2000 on industrial development cooperation,

"*Also recalling* the United Nations Millennium Declaration adopted by the heads of State and Government on 8 September 2000,

"*Reaffirming* the outcomes of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001, the Third United Nations Conference on the Least Developed Countries, held at Brussels from 14 to 20 May 2001, the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002, and the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002,

"*Recognizing* the role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector, and underlining the importance of the benefits of foreign direct investment in this process,

"*Also recognizing* the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the pursuit of poverty eradication and sustainable development,

"*Taking note* of the report of the Director-General of the United Nations Industrial Development Organization, and welcoming the process of reform undertaken and completed that led to the more efficient work of the organization and the value of the conclusions contained therein,

"1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries and in the creation of productive employment, value added income generation and, thus, the eradication of poverty, as well as in the facilitation of social integration, including the integration of women into the development process;

"2. *Underlines* the importance of industrial development cooperation in creating a positive element for the investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries;

"3. *Calls* for the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development in diversifying their industrial base through the application of new technological advances;

"4. *Also calls* for increasing continuing use of official development assistance for industrial development in the developing countries, and calls upon donor countries and recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation and to support the efforts of developing countries to promote industrial development cooperation among themselves;

"5. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, and calls upon the United Nations Industrial Development Organization to continue to carry out its central role in the field of industrial development and to strengthen its cooperation with other institutions of the United Nations system so as to enhance the effectiveness, relevance and development impact of such support;

"6. *Requests* the United Nations Industrial Development Organization to facilitate industrial development with more emphasis on initiatives to support micro, small and medium-sized enterprises of developing countries, in particular least developed countries and landlocked developing countries;

"7. *Encourages* the United Nations Industrial Development Organization to contribute actively to the achievement of the objectives of the New Partnership for Africa's Development with a view to boosting the industrialization process in Africa;

"8. *Encourages* the United Nations Industrial Development Organization to develop further its global forum capacity with the aim of enhancing, in the context of the globalization process, a common understanding of global and regional industrial sector issues and their impact on poverty eradication and sustainable development;

"9. *Requests* the Secretary-General to submit to the General Assembly at its fifty-ninth session a report on the implementation of the present resolution."

6. At the 39th meeting, on 27 November, the Vice-Chairman of the Committee, Bruno van der Pluijm (Belgium), introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/57/L.51), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.8.

7. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.51 (see para. 14, draft resolution I).

8. In the light of the adoption of draft resolution A/C.2/57/L.51, draft resolution A/C.2/57/L.8 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/57/L.9 and A/C.2/57/L.46

9. At the 13th meeting, on 18 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin" (A/C.2/57/L.9), which read:

"*The General Assembly*,

"*Recalling* its resolutions 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds, 55/61 of 4 December 2000 on an effective international legal instrument against corruption, 55/188 of 20 December 2000 on preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin and 56/186 of 21 December 2001,

"*Deeply concerned* about the seriousness of problems posed by corrupt practices and the transfer of funds and assets of illicit origin, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development, particularly when an inadequate international response leads to impunity,

"*Recalling* the Monterrey Consensus, adopted at the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002, which underlined that fighting corruption at all levels is a priority,

"*Underlining* the fact that preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds is an important element in mobilizing resources for development in affected developing countries and in supporting their aim of poverty eradication,

"*Emphasizing* the responsibilities of Governments to adopt policies at the national and international levels aimed at preventing and combating corrupt practices, to promote and facilitate the transfer of funds and assets of illicit origin and to return such funds to the countries of origin,

"*Recognizing* the importance of international cooperation and international and national laws for combating corruption, bribery and money-laundering in international commercial transactions,

"1. *Takes note* of the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds of illicit origin and the repatriation of such funds to the countries of origin;

"2. *Encourages* all Governments to combat corruption, bribery, money-laundering, the transfer of the illicitly acquired funds and assets and to work for the return of such funds and assets to the countries of origin, and welcomes actions at national and international levels taken by some Governments in this regard;

"3. *Notes* the ongoing work of the Ad Hoc Committee for the Negotiation of a Convention against Corruption, whose terms of reference were adopted by General Assembly resolution 56/260 of 31 January 2002, and urges an early completion of those negotiations to pave the way for the adoption of the convention;

"4. *Calls* for all efforts to promote good corporate governance at all levels, which is essential for sustained economic growth, poverty eradication and sustainable development worldwide;

"5. *Also calls* for further international cooperation, inter alia, through the United Nations system, in support of efforts by Governments to prevent and address the transfer of funds of illicit origin as well as to return such funds and assets to the countries of origin;

"6. *Requests* the international community to support the efforts of all countries, upon their request, and to strengthen their institutional capacity and their regulatory frameworks for preventing the acts of corruption, as well as for the returning of the illegally acquired funds and assets to the countries of origin;

"7. *Requests* the Secretary-General to submit to the General Assembly at its fifty-eighth session for its consideration a report on the work of the Ad Hoc Committee;

"8. *Decides* to keep the matter under review and to include in the provisional agenda of its fifty-eighth session a sub-item entitled 'Preventing and combating corrupt practices and transfer of funds of illicit origin and the returning of such assets to the countries of origin' under the item entitled 'Sectoral policy questions'."

10. At the 38th meeting, on 20 November, the Vice-Chairman of the Committee, Bruno van der Pluijm (Belgium), introduced a draft resolution entitled "Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin" (A/C.2/57/L.46), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.9.

11. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.46 (see para. 14, draft resolution II).

12. In the light of the adoption of draft resolution A/C.2/57/L.46, draft resolution A/C.2/57/L.9 was withdrawn by its sponsors.

C. Draft decision proposed by the Chairman

13. At its 39th meeting, on 27 November, on the proposal of the Chairman, the Committee decided to recommend to the General Assembly that it take note of the report of the Secretary-General on business and development, under sub-item (b) (A/57/591) (see para. 15).

III. Recommendations of the Second Committee

14. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Industrial development cooperation

The General Assembly,

Recalling its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996, 53/177 of 15 December 1998 and 55/187 of 20 December 2000 on industrial development cooperation,

Recalling also the United Nations Millennium Declaration adopted by the heads of State and Government on 8 September 2000,[1]

Reaffirming the outcomes of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001,[2] the Third United Nations Conference on the Least Developed Countries, held at Brussels from 14 to 20 May 2001,[3] the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002,[4] and the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002,[5]

Noting that the United Nations Industrial Development Organization has been awarded by the Global Environment Facility Council the status of an executing agency with expanded opportunities of the Global Environment Facility,

Recognizing the role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector, and underlining the importance of the benefits of foreign direct investment in that process,

Recognizing also the importance of the transfer of technology to the developing countries and countries with economies in transition, as an effective means of international cooperation in the pursuit of poverty eradication and sustainable development,

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[1] See resolution 55/2.

[2] See A/C.2/56/7, annex.

[3] See A/CONF.191/11 and 12.

[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[5] A/CONF.199/20, chap. I.

Taking note of the report of the Director-General of the United Nations Industrial Development Organization,[6] and welcoming the process of reform that has led to the more efficient work of the organization and the value of the conclusions contained therein, and encourages the United Nations Industrial Development Organization to continue to enhance its effectiveness,

1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries and countries with economies in transition and in the creation of productive employment, value added income generation and thus, the eradication of poverty, as well as in the facilitation of social integration, including the integration of women into the development process;

2. *Underlines* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

3. *Emphasizes* the necessity of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and to implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, inter alia, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and effective use of official development assistance to enable developing countries to enhance an environment that is attractive to investment, so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial production capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

4. *Confirms* the contribution of industry to social development, especially in the context of the linkages between industry and agriculture, and notes that, within the totality of these interlinkages, industry serves as a powerful source of the employment generation, income creation and social integration required for the eradication of poverty;

5. *Acknowledges* the interlinkage of globalization and interdependence, and reiterates the importance of the transfer of technology to developing countries and countries with economies in transition as an effective means of international cooperation in the field of industrial development;

6. *Calls* for the continuing use of official development assistance for industrial development in the developing countries and countries with economies in transition, and calls upon donor countries and recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation and to support the efforts of developing countries and countries with economies in transition to promote industrial development cooperation among themselves and underlines the importance of mobilizing funds for industrial development at the country level, including private funding and funds from relevant development finance institutions;

[6] See A/57/184.

7. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries and countries with economies in transition, and calls upon the United Nations Industrial Development Organization to continue to carry out its central role in the field of industrial development according to its mandate;

8. *Encourages* the United Nations Industrial Development Organization to continue to enhance its effectiveness, relevance and development impact through, inter alia, strengthening its cooperation with other institutions of the United Nations system at all levels;

9. *Calls upon* the United Nations Industrial Development Organization to participate actively in coordination at the field level through common country assessment/United Nations Development Assistance Framework processes and sectorwide approaches;

10. *Welcomes* the membership of the United Nations Industrial Development Organization in the United Nations Development Group;

11. *Encourages* the United Nations Industrial Development Organization to implement appropriate projects funded through the Global Environment Facility, particularly where these involve the transfer of technology;

12. *Welcomes* the current discussions among the member States of the United Nations Industrial Development Organization on programme priorities and the substance of programmes, aimed at helping the United Nations Industrial Development Organization to become a more focused, effective and efficient organization capable of delivering concrete outcomes, and to gain better recognition and stronger support in the international community;

13. *Requests* the United Nations Industrial Development Organization to facilitate industrial development with emphasis on initiatives to support micro, small and medium-sized enterprises of developing countries and countries with economies in transition, in particular least developed countries and landlocked developing countries;

14. *Encourages* the United Nations Industrial Development Organization to contribute actively to the achievement of the objectives of the New Partnership for Africa's Development, with a view to strengthening the industrialization process in Africa;

15. *Encourages* the United Nations Industrial Development Organization to develop further its global forum capacity according to its mandate, with the aim of enhancing, in the context of the globalization process, a common understanding of global and regional industrial sector issues and their impact on poverty eradication and sustainable development, and calls for further strengthening of the demand-driven integrated programme approach at the field level;

16. *Requests* the Secretary-General to submit to the General Assembly at its fifty-ninth session a report on the implementation of the present resolution.

Draft resolution II
Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin

The General Assembly,

Recalling its resolutions 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds, 55/61 of 4 December 2000 on an effective international legal instrument against corruption, 55/188 of 20 December 2000 on preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin and 56/186 of 21 December 2001 on preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin,

Deeply concerned about the seriousness of problems posed by corrupt practices and transfer of funds and assets of illicit origin, which may endanger the stability and security of societies, undermine the values of democracy and civil ethics and jeopardize social, economic and political development, particularly when an inadequate national and international response leads to impunity,

Recalling the Monterrey Consensus, adopted at the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002,[7] which underlined that fighting corruption at all levels is a priority,

Underlining the fact that preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds is an important element in the effective mobilization and allocation of resources for development in affected developing countries and in supporting their aims of poverty eradication and sustainable development,

Emphasizing the responsibility of Governments to adopt policies at the national and international levels aimed at preventing and combating corrupt practices, transfer of funds and assets of illicit origin and facilitating the return of such funds and assets to the countries of origin,

Recognizing the importance of international cooperation and instruments of international and national laws and legislation for combating corruption, bribery and money-laundering in international commercial transactions,

1. *Takes note* of the report of the Secretary-General on prevention of corrupt practices and transfer of funds of illicit origin;[8]

2. *Encourages* all Governments to combat corruption, bribery, money-laundering and the transfer of the illicitly acquired funds and assets and to work for the return of such funds and assets to the countries of origin, after request and due process, and welcomes the actions at the national and international levels taken by some Governments in this regard;

3. *Notes* the ongoing work of the Ad Hoc Committee for the Negotiation of a Convention against Corruption, whose terms of reference were adopted by the

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[7] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[8] A/57/158.

General Assembly in its resolution 56/260 of 31 January 2002, and urges an early completion of those negotiations to allow for the adoption of the convention by the General Assembly at its fifty-eighth session, and the celebration of the high-level political conference, to be held in Mexico by the end of 2003, for the purpose of signing the convention;

4. *Calls* for all efforts to promote good public and corporate governance at all levels, which is essential for sustained economic growth, poverty eradication and sustainable development worldwide;

5. *Also calls*, while recognizing the importance of national measures, for further international cooperation, inter alia, through the United Nations system, in support of efforts by Governments to prevent and address the transfer of funds of illicit origin, as well as to return such funds and assets to the countries of origin;

6. *Requests* the international community to support national efforts to strengthen human and institutional capacity and regulatory frameworks for preventing corruption, bribery, money laundering and the transfer of funds and assets of illicit origin, and to assist in the return of such funds and assets to the countries of origin;

7. *Requests* the Secretary-General to report to the General Assembly on this matter at its fifty-eighth session;

8. *Decides* to keep the matter under review and to include in the provisional agenda of its fifty-eighth session a sub-item entitled "Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin" under the item entitled "Sectoral policy questions".

* * *

15. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Report on business and development

The General Assembly takes note of the report of the Secretary-General on business and development.[9]

[9] A/57/591.